

Kathleen T. Burrows

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MONTANA

IN RE:

JOHN HENRY SCHNEIDER,
Debtor.

Case Number
14-61357

JOSEPH V. WOMACK, AS CHAPTER 7
TRUSTEE OF THE ESTATE OF JOHN
HENRY SCHNEIDER,

Plaintiff,

vs.

KATHLEEN T. BURROWS,
Defendant.

VIDEOTAPED and VIDEOCONFERENCED DEPOSITION
UPON ORAL EXAMINATION OF
KATHLEEN T. BURROWS (In California)

BE IT REMEMBERED, that the videotaped and
videoconferenced deposition upon oral examination of
KATHLEEN T. BURROWS, appearing at the instance of
Plaintiff, was taken at the offices of Fisher, 442 E.
Mendenhall, Bozeman, Montana, on Monday, July 20th,
2015, beginning at the hour of 10:00 a.m., pursuant
to the Bankruptcy Rules of Civil Procedure, before
Deborah L. Fabritz, Court Reporter - Notary Public.

* * * * *

1

Charles Fisher Court Reporting
442 East Mendenhall, Bozeman MT 59715, (406) 587-9016

Exhibit 7

Kathleen T. Burrows

APPEARANCES

ATTORNEYS APPEARING IN BOZEMAN ON BEHALF
OF THE PLAINTIFF, JOSEPH V. WOMACK, AS
CHAPTER 7 TRUSTEE OF THE ESTATE OF JOHN
HENRY SCHNEIDER:

Mr. Trent M. Gardner, Esq. and

Mr. Jeffrey J. Tierney, Esq.

Goetz, Baldwin & Geddes, PC

35 North Grand

PO Box 6580

Bozeman, MT 59771-6580

and

Mr. Joseph V. Womack, Esq. (in Billings)

Waller & Womack, PC

303 North Broadway, Suite 505

Billings, MT 59101

and

ATTORNEY APPEARING IN GREAT FALLS ON
BEHALF OF THE DEFENDANT, KATHLEEN T.
BURROWS:

Mr. Steven M. Johnson, Esq.

Church, Harris, Johnson & Williams, PC

PO Box 1645

Great Falls, MT 59403-1645

ALSO PRESENT:

Mr. Julian Abalos, Videographer, and

Mr. Alan Burrows

Kathleen T. Burrows

I N D E X

EXAMINATION OF KATHLEEN T. BURROWS PAGE

Mr. Trent M. Gardner..... 7

E X H I B I T S

DEPOSITION EXHIBIT NUMBER MARKED REFERRED TO

Exhibit 1 Warranty Deed - 12735

Hidden Valley Trail,

Molt, MT - Schneider

Limited Partnership to

John H. Schneider 6 21

Exhibit 2 Warranty Deed - 12735

Hidden Valley Trail,

Molt, MT - John H.

Schneider to Kathleen T.

Burrows 6 23

Exhibit 3 U.S. Bank records 6 29, 32Exhibit 4 Four checks in the amounts

of \$146,000, \$25,000,

\$30,000, \$338,736.22 6 30

Exhibit 5 Deposit slip -

\$305,045.50 6 41

Exhibit 6 Check written to Michelle

Schneider in the amount of

\$100,000 6 38

Kathleen T. Burrows

1	(Exhibits continued)		
2		MARKED	REFERRED TO
3	<u>Exhibit 7</u> Counter Deposit and		
4	Counter Withdrawal in		
5	amount of \$305.045.50		
6	from Ms. Burrows to		
7	Michelle Schneider	6	42
8	<u>Exhibit 8</u> Warranty Deed - Schneider		
9	Limited Partnership to		
10	Michelle Schneider -		
11	1962 Lane 15, Powell,		
12	Park County, Wyoming	6	53
13	<u>Exhibit 9</u> Warranty Deed - Michelle		
14	Schneider to Kathleen		
15	Burrows as Trustee of		
16	Children's Trusts	6	58
17	<u>Exhibit 10</u> Promissory Note -		
18	5/1/12to MedPort from		
19	Schneider Limited		
20	Partnership	6	69
21	<u>Exhibit 11</u> Amendment to Promissory		
22	Note	6	72
23	<u>Exhibit 12</u> Judgment Sale		
24	Agreement	6	81
25	////		

Kathleen T. Burrows

1	(Exhibits continued)		
2		MARKED	REFERRED TO
3	<u>Exhibit 13</u> Promissory Note		
4	dated 3/19/14	6	83
5	<u>Exhibit 14</u> Mortgage	6	84
6	<u>Exhibit 15</u> Open House update		
7	1701 Bella Leguna		
8	Court, Encinitas,		
9	CA	6	91
10	<u>Exhibit 16</u> E-mail string with		
11	Kathleen Burrows		
12	and John Schneider		
13	3/2/15	6	92
14			
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16			
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Kathleen T. Burrows

1 (Whereupon, Exhibits 1 through
2 16 were marked for
3 identification.)

4 Whereupon, the following proceedings were had
5 and testimony taken, to-wit:

6 * * * * *

7 THE VIDEOGRAPHER: We're on the record.
8 My name is Julian Abalos, a representative of Video
9 Tech West located in Los Angeles, California. I'm
10 neither party to, nor employed with any party to this
11 deposition, nor am I interested in its outcome.

12 We are videotaping the deposition of
13 Kathleen Burrows. We're meeting at 8:57 a.m. on July
14 20th, 2015, in the matter of Womack, et al. versus
15 Burrows, Case Number 14-61357.

16 Our location is 740 North Gary Avenue,
17 Pomona, California. This video deposition is taken
18 on behalf of the plaintiffs. This is start of Media
19 Number 1.

20 Would all present please introduce
21 themselves beginning with the witness.

22 MS. BURROWS: My name is Kathleen Theresa
23 Burrows.

24 MR. GARDNER: My name is Trent -- Trent
25 Gardner. I'm the attorney for the Trustee, Joseph

6

Kathleen T. Burrows

1 Womack.

2 MR. TIERNEY: Jeff Tierney also
3 representing Mr. Womack.

4 MR. JOHNSON: And Steve Johnson
5 representing Ms. Burrows.

6 MR. WOMACK: And Joseph Womack, the
7 Trustee Plaintiff in the matter.

8 THE VIDEOGRAPHER: Thank you. The court
9 reporter may swear in the witness.

10 * * * * *

11 KATHLEEN T. BURROWS,
12 called as a witness herein, having been first duly
13 sworn, was examined and testified as follows:

14 EXAMINATION

15 BY MR. GARDNER:

16 Q. Ms. Burrows, could you state your name and
17 address for the record.

18 A. My name is Kathleen Theresa Burrows. And
19 my address is 15836 Astral Street, in Chino Hills,
20 California, 91709.

21 Q. And, Ms. Burrows, my name is Trent
22 Gardner. I'm the attorney for the Trustee in the
23 bankruptcy of John Henry Schneider.

24 Do you know John Henry Schneider?

25 A. Yes, I do.

7

Kathleen T. Burrows

1 Q. And are you --

2 A. He is --

3 Q. Go ahead.

4 A. I was -- I was going to say John is my
5 brother.

6 Q. Okay. Have you ever had your deposition
7 taken before?

8 A. I don't recall that I've had my deposition
9 taken. I -- I -- I recall being in depositions.

10 Q. Okay.

11 A. But I don't --

12 Q. Just a couple of things. One, everything
13 that we say is being taken down to create a record of
14 this deposition. And so if we can help the court
15 reporter by not speaking over each other, if you can
16 wait for the end of my question before you start your
17 answer, that will be helpful. I'll try to do the
18 same. Do you understand that?

19 A. Yes.

20 Q. Okay. And sometimes it's hard because you
21 know what I'm going to ask and you're anxious to say
22 the answer, but let's try to keep a clear record on
23 that.

24 Also if you don't understand any of my
25 questions or you're not clear on what I'm asking,

8

Kathleen T. Burrows

1 please tell me so, because I want you to understand
2 my questions so that you can answer them. Okay?

3 A. Okay.

4 Q. And if at -- if at any time you need a
5 break, need to take five minutes, need to go for a
6 walk, do anything like that, let me know, and we can
7 go off the record. Okay?

8 A. Okay.

9 Q. Can you briefly describe how you were
10 employed prior to 2012, just maybe in the 10 years
11 prior to 2012?

12 A. Prior to 2012? I worked for State
13 Compensation Insurance Fund in California. My last
14 position was as an appropriate utilization review
15 manager. I left State Fund in -- I stayed with State
16 Fund for almost 11 years.

17 But I left State Fund, retired, and went
18 to work with my brother in Billings, Montana.

19 Q. And how did it come about that you went to
20 work for John Schneider?

21 A. Well, John had been telling me that he was
22 building a state of the art multispecialty surgical
23 center, and he -- he had been talking to me about
24 that, you know, coming to work, you know, with him,
25 you know, or for him at the center.

Kathleen T. Burrows

1 Q. And so when -- oh, when did you actually
2 go to work for John Schneider?

3 A. I started work at -- at the center
4 December 2011, I believe.

5 Q. And what entity was it that you actually
6 went to work for?

7 A. Well, my payroll was through Northern
8 Rockies Neuro Spine, so I considered myself an
9 employee of Northern Rockies Neuro Spine. However,
10 my original function was to, you know, be the
11 director of the center, you know, which includes
12 specific tasks.

13 Q. And when you say the center, is that the
14 Omni Center that was being constructed in Billings?

15 A. Yes.

16 Q. But as far as the paychecks that you
17 received, they came from Northern Rockies Neuro
18 Spine?

19 A. Oh yes. Yes.

20 Q. And what was --

21 A. I understood the --

22 Q. Oh, go ahead.

23 A. I was just going to say yes. My brother
24 asked me to come to work for him, and yes, I was on
25 the Northern Rockies Neuro Spine payroll.

10

Kathleen T. Burrows

1 Q. What was Northern Rockies Neuro Spine?

2 A. That was my brother John's neurosurgical
3 practice.

4 Q. And do you know, was John Schneider the
5 sole owner of Northern Rockies Neuro Spine?

6 A. I believe that he was.

7 Q. And was he your boss during your time
8 there?

9 A. Yes.

10 Q. What were the terms of the employment that
11 you agreed to come to work for Northern Rockies?

12 A. Because I was going to retire from the
13 State, John was going to initially pay me \$150,000 a
14 year, and I asked him for a three-year contract, did
15 that. There was a lot of discussion about that.

16 Q. And did -- did he agree to the three-year
17 contract?

18 A. Well, he agreed verbally. But right
19 before I had to give my retirement notice, he sent me
20 an employment contract that did not include three
21 years.

22 Q. And the employment contract, did it
23 include 150,000 per year?

24 A. No. It included \$100,000 per year.

25 Q. And did you sign that employment contract?₁₁

Kathleen T. Burrows

1 A. I think I received it, but I don't think
2 that I signed it.

3 Q. Okay.

4 A. I'm not -- I'm not 100 percent sure. I
5 think -- I think it was something that he -- he sent
6 to me, like a letter or something like that.

7 Q. Okay. But in any event, you did go to
8 work for your brother in Northern Rockies Neuro
9 Spine?

10 A. Yes.

11 Q. And did you move to Billings, or did you
12 telecommute? How did that work?

13 A. No. I -- I did not move to Billings. I
14 would go to Billings for, you know, a week, maybe
15 two. Then I would come back and work out of my home
16 in California.

17 Q. How much time would you say you spent in
18 Billings in the 2012 year?

19 A. That's hard for me to -- in the 2012 year?

20 Q. 2012.

21 A. Oh, 2000 -- so not 2011, just 2012?

22 Q. Well, my understanding was you started in
23 December of 2011. Is that accurate?

24 A. Oh, that's right, yes. I'm sorry. Yeah.
25 Yes. Yes.

Kathleen T. Burrows

1 Q. And maybe if I ask it this way: Did you
2 --

3 A. I spent -- I mean, I would go, oh, maybe
4 every six weeks or two months. I would go spend a
5 week in Billings and then come back to California. I
6 don't remember exactly how many times I went out
7 there.

8 Q. Okay.

9 A. Is that -- is that the question that
10 you're asking?

11 Q. Yeah. And maybe if I ask it this way:
12 During that time frame, did you spend the majority of
13 your time in California, working from there?

14 A. Yes.

15 MR. GARDNER: Is our record okay? We had
16 some video difficulties. Okay.

17 BY MR. GARDNER:

18 Q. Could you briefly describe kind of what
19 your job duties were and what you did in your role
20 working for John in Northern Rockies.

21 A. Are you talking about the entire time I
22 worked for him, because my role changed, or are
23 you --

24 Q. Well, let's -- let's do this. Why don't
25 you kind of just briefly -- I don't want in-depth

13

Kathleen T. Burrows

1 details, but briefly describe initially --

2 A. Okay.

3 Q. -- what your role was --

4 A. Okay.

5 Q. -- and then how it changed.

6 A. Okay. So initially my role was -- was to
7 kind of be the director of the center, you know,
8 working for John and, you know, bring all the parties
9 together. There was -- you know, there was the --
10 there was John's practice in the center. There was
11 -- the orthopedic surgeons had a -- you know, had a
12 practice in the center. There was imaging. Then
13 there was the surgical center.

14 And so basically my job was to advertise
15 for the -- for the center. I -- one of my initial
16 roles was to coordinate a big open house and let the
17 -- let the community know about the center, you know,
18 develop kind of consistent intake procedures so that
19 when a patient came in, they wouldn't have to be
20 filling out all kinds of different forms and things
21 like that.

22 But my role actually quickly changed
23 because the surgical center -- they weren't able to
24 get the surgical center open. About the same -- or
25 during that time, John's practice administrator,

14

Kathleen T. Burrows

1 Teresa Trier, was -- was thinking about quitting or
2 working part time. So -- you know, so she was back
3 and forth. And so basically I assumed -- I assumed
4 more of the administrative roles for his practice.

5 For his practice I would do -- when Teresa
6 left, I would do -- I'd pay all the bills that came
7 in. I continued with the advertising. I did
8 payroll, things like that.

9 Q. And when that transition occurred, was
10 that in early 2012 when the center didn't get opened
11 and you assumed more of an administrative role?

12 A. I can't remember exactly when Teresa left.
13 I'm thinking that it probably was about April, May of
14 2012.

15 Q. Okay. And --

16 A. Around that -- that period of time.

17 Q. Okay. And with the --

18 A. Or maybe June.

19 Q. Okay. With the center not -- when was the
20 center supposed to open?

21 A. It was my understanding that the -- that
22 the center was -- was officially supposed to open in
23 November 2011. The -- the surgery center was fully
24 staffed, I know, when I went down there.

25 And then I remember -- you know, there was₁₅

Kathleen T. Burrows

1 a lot of conversations with Meridian Surgical
2 Partners, who were responsible for getting the center
3 open. And then it was -- it kept getting delayed,
4 and then they were working on a transfer agreement
5 and delay. I do recall that there were a lot of -- a
6 lot of teleconferences and things like that going on
7 to try to get the center open.

8 Q. And with the center not opening on
9 schedule, did that cause financial strain on John and
10 his practice?

11 A. Oh, well, yeah. There were some -- I
12 think he had moved from a -- from a smaller office
13 into a -- into a huge suite. And he's a surgeon, and
14 so really that's the reason for the surgery center
15 right there.

16 He had really staffed up. You know, hired
17 front-desk people, he had a practice administrator.
18 I can't recall exactly how many staff, but there was
19 a lot of staff, and there was a lot of overhead. So,
20 you know, I would say it caused a financial strain.

21 Q. And in that early 2012 time frame, was
22 there also a period where Mr. -- or Dr. Schneider's
23 medical license was suspended?

24 A. Yes, there was. I think his license was
25 suspended in early 2012.

16

Kathleen T. Burrows

1 Q. Okay. And did that contribute to the
2 financial strain as well?

3 A. Well -- oh, yeah. When his license was
4 suspended, then he was not able really to operate on
5 a suspended license. Well, actually let me take that
6 back.

7 Yes. During the suspension period, he was
8 not able to operate, so yeah.

9 Q. And did this strain on the businesses, did
10 that ultimately have some effect on what you were
11 getting paid?

12 A. Yes. It actually did. When the center
13 wasn't -- when the center wasn't opening and then it
14 wasn't opening and there were all of the -- all of
15 the staff, there was some discussion, I remember,
16 between, you know, John and Teresa Trier and I, you
17 know, that -- I mean, I think he could afford the
18 staff and all the expenses.

19 And so he had asked Teresa to take a
20 salary reduction. He asked me to take a salary
21 reduction. And then I believe he waived his salary
22 so that he wouldn't have to lay staff off.

23 Q. And in return for the salary reduction,
24 did you reach some sort of an agreement with John to
25 get additional compensation or compensate you in

17

Kathleen T. Burrows

1 another way?

2 A. Well, yes, I did. John --

3 Q. What was that -- what was that agreement?

4 A. John -- well, John had apparently
5 purchased a home that was originally owned by Teresa
6 and her family and owned that home. And so he asked
7 me if -- if he could -- well, he asked me -- and an
8 attorney was involved -- to -- to take this home and
9 sell the home and indicated if I would do that, I
10 could keep 50,000 -- \$150,000.

11 Q. Okay. And was this home -- was that the
12 property located in Molt, Montana?

13 A. Yes.

14 Q. And that was at 12375 Hidden Valley Trail?

15 A. Yes.

16 Q. Okay. Now, you mentioned there was an
17 attorney involved. What was that attorney's name?

18 A. Michael Greer.

19 Q. And --

20 A. Michael Greer in Worland, Wyoming. I'm
21 sorry.

22 Q. Okay. And was -- did you ever meet
23 Mr. Greer face-to-face?

24 A. Yes, I have.

25 Q. Okay. What was his involvement in this

18

Kathleen T. Burrows

1 transaction?

2 A. Well, Mike suggested that -- actually,
3 Mike suggested that John gift the house to me, and I,
4 you know --

5 Q. Okay. So the agreement you reached was
6 that the house would be deeded to you. You would
7 sell it, and you could keep \$150,000 of the proceeds?

8 A. Right.

9 Q. Okay. And what --

10 A. Yes. And -- and that was --

11 Q. What was to be done with the remainder of
12 the proceeds from the sale?

13 A. I was going to give it to John.

14 Q. Okay. Do you know why John didn't just
15 sell the property himself and give you some of the
16 money?

17 A. Yes, I do. He had asked me to -- to -- to
18 -- well, and Mike Greer as well, because Mike Greer
19 was involved in the conversations regarding the whole
20 gifting -- you know, giving it to John and then -- I
21 think the house -- the house was in Schneider Limited
22 Partnership. And then, you know, Mike transferred it
23 over to John, and then John gifted it to me.

24 The reason that I think that he wanted me
25 to take the house was because -- well, a couple

19

Kathleen T. Burrows

1 reasons. I'm not sure that -- that his wife knew
2 about the house. And his practice administrator,
3 Teresa, was living in the house with her family.

4 Q. Okay. And so is it -- is it fair to say
5 --

6 A. So they can --

7 Q. Oh, go ahead.

8 A. Go ahead.

9 Q. Oh.

10 A. No. I said I think that it -- that -- go
11 ahead.

12 Q. Is it -- is it fair to say --

13 A. I'm finished.

14 Q. Sorry. Is it fair to say that -- the --
15 the little delay in the video makes it more
16 difficult.

17 But is it -- is it fair to say that John
18 didn't want the record of the sale proceeds in his
19 name?

20 A. Well, I'm not sure if that's -- if that's
21 -- I really don't know if that's fair to say. I know
22 that -- well, yeah. He -- he -- I don't think that
23 he -- you know, Trent, that's a really hard question.

24 I think that that's probably fair to say,
25 yes. And really, that's why he just didn't sell it 20

Kathleen T. Burrows

1 or arrange for the sale.

2 Q. Okay. So --

3 A. So --

4 Q. -- in any event, you had conversations
5 with Mike Greer and John Schneider about the
6 property, and they wanted to transfer it to you and
7 have you sell it. Correct?

8 A. Correct.

9 Q. With the understanding that you would keep
10 150,000 and the remainder would be Dr. Schneider's
11 money?

12 A. Right.

13 Q. Okay. Now, I have forwarded some
14 documents to the court reporter there, and in front
15 of you should be a document marked as Exhibit 1.

16 And Exhibit 1 -- we'll mark as Deposition
17 Exhibit Number 1, that's a warranty deed. Do you
18 recognize that deed?

19 A. I do.

20 Q. And as you mentioned, this is regarding
21 the Molt property, and this is the deed from
22 Schneider Limited Partnership to John Schneider. And
23 this is dated May 30, 2012.

24 Do you know why the Molt property was
25 deeded first from Schneider Limited Partnership to

21

Kathleen T. Burrows

1 John Schneider?

2 A. Well, I remember his attorney said that
3 there were tax advantages, because he suggested John
4 gifting me the -- the -- the property.

5 Q. Okay. And if you look at the bottom of
6 Exhibit 1, that's your signature for Schneider
7 Limited Partnership. Correct?

8 A. Yes.

9 Q. And that's because you were also the
10 manager of Schneider Management, LLC?

11 A. Yes.

12 Q. Did you make the decision to do this
13 transfer this way as the general partner?

14 A. No. No.

15 Q. Okay. Did --

16 A. I can answer that one without thinking
17 about it.

18 Q. So this -- this wasn't a transfer or a way
19 of doing it that you came up and you decided on?

20 A. No.

21 Q. And this was something that this is how --

22 A. It was not.

23 Q. -- this is how Dr. Schneider and Michael
24 Greer told you how to do it?

25 A. Right.

22

Kathleen T. Burrows

1 Q. And so --

2 A. Yes.

3 Q. -- is it -- is it fair to say that you
4 simply signed this warranty deed at the direction of
5 John Schneider and Michael Greer?

6 A. Yes.

7 Q. Okay.

8 A. That's -- that's fair to say.

9 Q. Okay. Do you know whether John Schneider
10 gave Schneider Limited Partnership anything for this
11 transfer of the property to him?

12 A. No. I don't know.

13 Q. Okay.

14 A. I'm not aware of any compensation given.

15 Q. Okay. Now, the next document that you
16 should have in front of you is marked as number --
17 Exhibit 2. We'll mark that as Deposition Exhibit
18 Number 2.

19 And that is a warranty deed from John
20 Schneider to Kathleen Burrows. And that's dated the
21 same date as the prior deed, correct, May 30th of
22 2012?

23 A. Correct, yes.

24 Q. And, again, you -- you think that this
25 transfer of the Molt property to John and then to

23

Kathleen T. Burrows

1 you, that extra step was taken on the attorney's
2 advice for tax reasons?

3 A. Yes.

4 Q. Okay. Now --

5 A. I know that --

6 Q. Okay. Now, once this property was deeded
7 to you -- well, and did you give any money for this
8 property?

9 A. No. I didn't give any money for this
10 property.

11 Q. This was transferred to you pursuant --
12 transferred to you pursuant to the agreement that you
13 would keep 150,000 when it sold?

14 A. Yes.

15 Q. Okay. And once it was transferred to you,
16 then did you start trying to sell it?

17 A. Yes, I did.

18 Q. And were you ultimately successful in
19 selling it?

20 A. I did ultimately sell it, yes.

21 Q. And how much did you sell it for?

22 A. Well, I believe I sold it for \$325,000.

23 Q. And after paying realtor expenses and
24 closing costs and everything --

25 A. Commissions.

Kathleen T. Burrows

1 Q. Yeah. How much did you net?

2 A. Oh, like how much did I net? I would have
3 to add it up. I netted the \$150,000, then plus the
4 \$146,000 and change from the -- from the proceeds,
5 so --

6 Q. Approximately --

7 A. My math is not that -- go ahead.

8 Q. 290 --

9 A. My math is not that great.

10 Q. 296,000 approximately?

11 A. Approximately.

12 Q. Okay. Now, you broke that down by saying
13 the 150,000. So you kept 150,000 of the proceeds?

14 A. Yes.

15 Q. And then the other 146,000 you mentioned,
16 is that the money that you considered to be John's?

17 A. Yes.

18 Q. And did you try to give that \$146,000 to
19 John Schneider?

20 A. I did. I think the house sold -- I think
21 the house sold in January or February, and when the
22 house sold, I mean, I kept John posted, you know,
23 John was to some degree involved in the sale, so I
24 kept John posted and let him know that the -- the
25 house had sold and that the funds had been

25

Kathleen T. Burrows

1 wire-transferred and asked him, you know -- you know,
2 asked -- I'm sorry.

3 Q. Oh, the court reporter had a question.

4 MR. GARDNER: I think it was
5 wire-transferred.

6 THE REPORTER: Okay.

7 BY MR. GARDNER:

8 Q. Okay. Go ahead.

9 A. Yeah. From -- from escrow. So from
10 escrow, yes, the funds were transferred into my
11 account. And I called John and let him know that I
12 -- I had gotten funds and, you know, could I send him
13 a check.

14 Q. What was his response?

15 A. Well, I had been planning a trip to
16 Billings, I think, in early March, and he said, well,
17 no, just go ahead and hold on to it and at that point
18 in time so, you know, you can, you know, give it to
19 me then.

20 Q. And we're talking about March of 2013 at
21 this point. Correct?

22 A. Yes.

23 Q. Okay. And so did you ultimately go to
24 Billings?

25 A. I did go to Billings, yes.

26

Kathleen T. Burrows

1 Q. And at that point did you give the money
2 to Dr. Schneider?

3 A. Yes. I -- I didn't -- well, there was a
4 lot of back and forth with -- with the money. He
5 wanted me to hold on to the money, and I didn't want
6 to hold on to his money. So there was a lot of back
7 and forth. And so then he asked me to open a bank
8 account with -- with the 146,000.

9 Q. Okay. And did he tell you why he didn't
10 -- he wanted you to hold on to the money and not give
11 it to him?

12 A. Well, what he told me was that he was
13 having some marital issues at the time.

14 Q. Okay.

15 A. And I knew that Michelle probably didn't
16 know about the house, and, you know, so there was --
17 I think there were some relationship issues going on.

18 Q. Okay. And so you said you ultimately
19 opened an account for the -- to put the money in.
20 Did you open that account in your name?

21 A. I opened the account in my name, yes.

22 Q. And was that at Dr. Schneider's request?

23 A. Yes, it was. We actually went into the
24 bank. I think -- I forget which branch in Billings
25 we went into together. And I can't remember exactly 27

Kathleen T. Burrows

1 what it was, but I think he initially was going to be
2 on the account and he asked the banker some
3 questions, but then he didn't want to be, you know,
4 on the account.

5 Q. So initially you went -- and this was at
6 U.S. Bank. Correct?

7 A. It was U.S. Bank, yeah.

8 Q. So you went in with John Schneider
9 together to open the account?

10 A. Yes.

11 Q. And his initial position was that he
12 wanted to have his name on the account or be a
13 signatory with you?

14 A. I think he wanted to be a signatory on the
15 account, but he didn't want to have his name on the
16 account.

17 Q. Okay. And he then asked some questions to
18 the banker about the effect of having -- being a
19 signatory on the account?

20 A. Yes.

21 Q. And then he ultimately decided based on
22 what the banker told him he didn't want to be a
23 signatory?

24 A. Yes.

25 Q. Do you recall what it was that made him

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Kathleen T. Burrows

1 change his mind?

2 A. No.

3 Q. Okay. So ultimately --

4 A. I don't recall.

5 Q. Okay. So ultimately, though, the account
6 was opened in your name with you as a signatory?

7 A. Yes.

8 Q. And if you look in front of you -- oh, go
9 ahead.

10 A. Well, I -- I'm -- I'm fairly certain,
11 because, you know, like, you know, this is really not
12 my money, and I'm -- I'm fairly certain that I put
13 him on as a beneficiary in the event I died, on the
14 account.

15 Q. Okay. Okay. Can you look at what we have
16 marked as Deposition Exhibit 3 in front of you?

17 And that's a bank statement for U.S. Bank.
18 Is that a statement for the account that you opened
19 for Dr. Schneider?

20 A. Yes, it is.

21 Q. And that's the account number ending in
22 2881?

23 A. Yes, it is.

24 Q. Okay. And to me, it looks like the
25 account was opened on approximately March 11th of

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Kathleen T. Burrows

1 2013?

2 A. Yes.

3 Q. And it was opened with a \$201,000 deposit?

4 A. That's correct.

5 Q. And so that would have been the day you
6 went into the branch in Billings with John Schneider?

7 A. Yes.

8 Q. Okay. Now, if you'll look at Exhibit 4 in
9 front of you -- if you can keep 3 handy, we'll come
10 back to it in a minute.

11 But Exhibit -- what's marked as Deposition
12 Exhibit 4 in front of you. If you just pick up
13 what's stapled there in front of you --

14 A. Oh.

15 Q. -- it will be the next --

16 A. Oh.

17 Q. -- the next document.

18 A. Okay. It's not stapled -- oh, there it
19 is. Okay.

20 Q. Okay.

21 A. Okay. Okay.

22 Q. So --

23 A. I have Exhibit 4.

24 Q. Okay. So you have Exhibit 4 in front of
25 you?

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Kathleen T. Burrows

1 A. I do.

2 Q. Okay. And the first page of Exhibit 4 is
3 a check from you and your husband's joint account,
4 made out to you on March 10, 2013, for \$146,000. Is
5 that the --

6 A. Correct.

7 Q. Is that the check representing the
8 proceeds from the Molt sale that belonged to John
9 Schneider?

10 A. Yes.

11 Q. And you wrote that check to --

12 A. Oh.

13 Q. You wrote that check to yourself to
14 deposit into this account that you were opening for
15 John?

16 A. Yes.

17 Q. Okay. Now, the initial deposit was
18 201,000. Can you turn to the next page of Exhibit 4?

19 A. Okay.

20 Q. And that is a check for \$25,000 from The
21 Hartford to John Schneider.

22 A. Right.

23 Q. Did -- is that some of the funds that were
24 also deposited in that first day that made up that
25 201,000?

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Kathleen T. Burrows

1 A. Yes. Yes. Actually, both of these -- the
2 -- the \$25,000 check and then also the \$30,000 check
3 are part of the deposit, yes.

4 Q. Okay. So the \$30,000 check is the third
5 page of Exhibit 4, which is a check from Stabl Spine
6 to Schneider Limited Partnership for 30,000?

7 A. Yes.

8 Q. Okay. So did John Schneider bring those
9 two checks that day to also deposit into this
10 account?

11 A. Yes. When we were sitting at the bank --
12 I wasn't aware of that until we were sitting at the
13 bank. He pulled out these checks out of his wallet,
14 and I said can I deposit these as well?

15 Q. Do you have any idea why he was -- he
16 wanted to deposit those checks in this account as
17 well?

18 A. No. He just pulled them out of his
19 wallet.

20 Q. Okay. Now, if you go back to Exhibit 3,
21 there's also a \$338,736.22 deposit on March 18th of
22 2013.

23 A. Right.

24 Q. Is that a deposit you made?

25 A. No. I didn't make that deposit.

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Kathleen T. Burrows

1 Q. Up until recently, did you even know about
2 that deposit?

3 A. Well, he said that -- I didn't know what
4 the deposit was here. He had -- might I go -- go on?
5 I -- I -- I think on -- on this deposit date, I think
6 I was back in California. And then he -- I think he
7 sent me an e-mail that he wanted to make -- you know,
8 could I make another deposit, you know, a few hundred
9 thousand or -- I don't remember what the e-mail said.

10 But I called him. I said, what -- you
11 know, how much money do you want to deposit into that
12 bank? And he said, a couple hundred thousand. And I
13 said, well, all right. And -- and apparently it was
14 this check.

15 Q. Okay. And are you now looking at the
16 fourth page of Exhibit 4?

17 A. Yeah. It's the 338,736.22.

18 Q. And that's the amount of the deposit on
19 March 18th. Right?

20 A. Right.

21 Q. Okay. And that check is from Northern
22 Rockies Neuro Spine. Correct?

23 A. It is.

24 Q. And --

25 A. I actually wrote the check.

Kathleen T. Burrows

1 this account John Schneider had had you open?

2 A. Yes. It appears that it was.

3 Q. And did you know that that money had gone
4 into this account?

5 A. No. No. He told me that he was going to
6 deposit a couple hundred thousand.

7 Q. Okay. And --

8 A. I remember him sending me an e-mail. I'm
9 sorry. Let me just finish.

10 Q. Yeah.

11 A. I remember him sending me an e-mail --
12 e-mail, saying, you know, can I deposit -- you know,
13 I don't know what the e-mail said. This is --
14 e-mails are a bit dense. So I called him. I'm like,
15 what do you want -- how much money do you want to
16 deposit in that account? And he said a couple
17 hundred thousand. And I said, well, you know, okay.
18 So -- but no. I wasn't aware that it was this
19 particular check, no.

20 Q. And in discovery in this matter, we -- the
21 trustee sent you discovery requests for bank account
22 statements and things.

23 And when you got those bank account
24 statements from your bank related to this account,
25 was that the first time that you learned that the

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Kathleen T. Burrows

1 check that was supposed to go to NRIC was actually
2 deposited in this account?

3 A. Yeah. To the best of my recollection,
4 yeah.

5 Q. Do you have any idea why John Schneider
6 deposited that check in this account?

7 A. No. He didn't tell me why he wanted to
8 deposit an extra couple of thousand dollars into the
9 account.

10 Q. Okay. Now, other than opening this
11 account at U.S. Bank and being there with John that
12 first day, did --

13 A. Uh-huh.

14 Q. Well, let me ask you this. Once you
15 opened that account in your name, did you believe
16 those funds were your funds that were in that
17 account?

18 A. No.

19 Q. Whose funds were they?

20 A. Well, they were -- they were John's.

21 Q. Okay. And that day when you opened the
22 account, did you get an ATM card for the account, or
23 did you get one in the --

24 A. Yes. Yes.

25 Q. Either that day or in the mail a little

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Kathleen T. Burrows

1 later?

2 A. Yes.

3 Q. Did you keep the ATM card?

4 A. No. I gave it to John.

5 Q. Once you had opened the account, over the
6 next several years, who had control of the funds in
7 that account?

8 A. Well, you know, either John or Michelle
9 because they had the ATM card. I -- I -- I mean,
10 this is John's money when I opened it up, and I
11 believed, I mean, it was John's money. And so either
12 John or Michelle had -- had control of the ATM card.

13 Q. Did you ever use any of that money in that
14 account for your personal purposes?

15 A. No.

16 Q. Okay. And if you look at Exhibit 3,
17 that's the thick exhibit with the bank accounts -- or
18 the bank account statements. If you look at the --

19 A. Right.

20 Q. -- fourth page of Exhibit 3 --

21 A. Yes.

22 Q. -- it's the statement for October 18th
23 through November 19th of 2013. And there's numerous
24 ATM withdrawals for \$1,000 apiece in Billings,
25 Montana. Was that you making those withdrawals?

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Kathleen T. Burrows

1 A. No.

2 Q. Who had the ATM card at that time?

3 A. John.

4 Q. Okay. And if you flip through the
5 statements, there's many, many withdrawals, usually
6 for \$1,000 from ATMs. Were any of those ATM
7 withdrawals made by you?

8 A. No.

9 Q. Okay.

10 A. They were not.

11 Q. Now, can you look at Exhibit -- Deposition
12 Exhibit 6. We're going to skip a number we'll come
13 back to 5. Deposition Exhibit 6 in front of you.

14 A. Okay. I have it.

15 Q. Okay. And that is -- that's a check
16 written off this account that we've been talking
17 about. Correct?

18 A. That's -- that's correct.

19 Q. And it's to Michelle Schneider for
20 \$100,000 on May 3rd of 2014. Do you recall why you
21 wrote that check for \$100,000?

22 A. Well, I do recall, you know, some point in
23 time, you know, John was claiming that this was
24 really Michelle's money. And either John or Michelle
25 -- I can't remember which -- asked me to write a

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Kathleen T. Burrows

1 check for \$100,000.

2 Q. Did they tell you what it was --

3 A. So I did.

4 Q. Did they tell you what it was for?

5 A. No.

6 Q. Okay. Now, other than that check, did you
7 ever write any other checks on this account?

8 A. Not to my recollection, no.

9 Q. Now, the --

10 A. I don't think I did, no. I don't think
11 so.

12 Q. This account was ultimately closed in
13 February of 2015. Can you explain to me how it was
14 that the account was closed?

15 A. Yes. I remember John had filed a
16 bankruptcy, so he was in the middle of a -- a -- a
17 bankruptcy proceeding. And he came over to my house,
18 and I believe I was -- I was -- well, I know it was
19 the day before this. I was on the phone with Ross
20 Richardson, you know, talking about, you know,
21 another matter.

22 But, you know, after the phone call --
23 after my phone call, John and I were talking about
24 his bankruptcy, and he indicated that -- that the
25 trustee was -- was going to be reviewing and auditing₃₉

Kathleen T. Burrows

1 Michelle's records and Michelle's accounts, you know,
2 that kind of thing.

3 And when he told me that, I said, well,
4 don't forget about this money in -- in U.S. Bank.
5 And he looked at me, and I said, you know, that money
6 needed to be fully disclosed. And then I asked him
7 -- well, let me think.

8 Then I asked him, you know, John, wasn't
9 there an ATM card associated with this account, and
10 he said yes. I said, well, where is that? And he
11 pulled it out of his wallet, and I took it. And I
12 said, you know, this -- this has to be disclosed,
13 fully disclosed. And -- and he told me it was
14 disclosed.

15 I said, well, this is Michelle's money.
16 Right? You've been telling me all along. I said,
17 well, does Michelle have a bank account of her own?
18 She's being audited. He said yes. I -- I said, at
19 the end of the day, John, I want Michelle's bank
20 account number because this is Michelle's money. She
21 needs to keep her money and disclose it.

22 Q. Okay.

23 A. So -- go ahead.

24 Q. So just to be clear, you asked him if he
25 had disclosed this money in the bankruptcy, and he

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Kathleen T. Burrows

1 told you he had?

2 A. He said it's been disclosed.

3 Q. Okay.

4 A. Yeah.

5 Q. All right. So then you asked him for
6 Michelle's bank account number. Was that so you
7 could transfer the money out of this account and
8 close the account so it was in Michelle's account?

9 A. Well, yeah. Because he told me that
10 Michelle was being audited because of the bankruptcy,
11 and I'm telling him that this needed to be fully
12 disclosed. And when he told me that it wasn't -- it
13 was disclosed, I didn't believe him so.

14 Q. Okay. So what did you do?

15 A. I did receive an e-mail from Michelle with
16 her bank account information that day. I told him I
17 wanted it by the end of the day. And then I told him
18 right then and there that I would be going down to
19 U.S. Bank the following day and transferring the
20 money to Michelle.

21 Q. Okay.

22 A. And that's what I did.

23 Q. And do you have Exhibit 5 there in front
24 of you?

25 A. Yes.

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